

HOUSE BILL NO. 797

INTRODUCED BY C. KAUFMANN

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE VIDEO GAMBLING MACHINE GROSS INCOME TAX; PROVIDING THAT THE TAX IS BASED UPON THE QUARTERLY GROSS INCOME PRODUCED FROM MACHINES ON A PREMISES ACCORDING TO A SCHEDULE; AMENDING SECTION 23-5-610, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 23-5-610, MCA, is amended to read:

"23-5-610. (Temporary) Video gambling machine gross income tax -- credit -- records -- distribution -- quarterly statement and payment. (1) (a) A licensed machine owner shall pay to the department a video gambling machine tax ~~of 15% of~~ on the quarterly gross income for each establishment from ~~each~~ video gambling ~~machine~~ machines issued a permit under this part according to the following schedule:

(i) 15% on the first \$37,500 or less of gross machine income;

(ii) 22.5% on the next \$75,000 or less of gross machine income; and

(iii) 30% on gross machine income in excess of \$112,500.

(b) A licensed machine owner may deduct from the gross income amounts equal to amounts stolen from machines if the amounts stolen are not repaid by insurance or under a court order, if a law enforcement agency investigated the theft, and if the theft is the result of either unauthorized entry and physical removal of the money from the machines or of machine tampering and the amounts stolen are documented.

(2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for which a permit has been issued under this part if:

(i) the permit was active for the video gambling machine prior to the available connection date;

(ii) the department determines that the video gambling machine is incapable, in the form in which it was approved by the department, of communicating with the automated accounting and reporting system authorized by 23-5-637; and

(iii) the licensed machine owner participates in the automated accounting and reporting system and incurs actual hardware or software costs prior to January 1, 2005, for conversion of the video gambling machine

1 to make it compatible with the automated system.

2 (b) The amount of the tax credit allowed under subsection (2)(a) is \$250 for each video gambling
3 machine or the actual hardware and software cost necessary for conversion of the video gambling machine to
4 the automated accounting and reporting system, whichever is less.

5 (3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for the
6 quarter or quarters that begin after the video gambling machine for which the tax credit is claimed is connected
7 to the automated accounting and reporting system authorized by 23-5-637.

8 (4) A licensed machine owner shall keep a record of the gross income from each video gambling
9 machine issued a permit under this part in the form the department requires. The records must at all times during
10 the business hours of the licensee be subject to inspection by the department.

11 (5) (a) For each video gambling machine issued a permit under this part but not connected to the
12 department's automated accounting and reporting system, a licensed machine owner shall, within 15 days after
13 the end of each quarter and in the manner prescribed by the department, complete and deliver to the department
14 a statement showing the total gross income, together with the total amount due the state as video gambling
15 machine gross income tax for the preceding quarter. The statement must contain other relevant information that
16 the department requires.

17 (b) For each video gambling machine issued a permit under this part that is connected to the
18 department's automated accounting and reporting system, the department shall, within 5 working days after the
19 end of each quarter, complete and deliver to the licensed machine owner (with a copy sent to the licensed
20 operator, if different from the licensed machine owner, on whose premises the machine is placed) a statement
21 showing the total gross income from the video gambling machine, together with the total amount due the state
22 as video gambling machine gross income tax for the preceding quarter. The licensed machine owner shall remit
23 the total amount due the state under this subsection within 25 days after the end of each quarter.

24 (6) Except as provided in subsection (7), the department shall, in accordance with the provisions of
25 15-1-501, forward the tax collected under subsection (5) to the general fund.

26 (7) Receipts from the taxes collected under this section are pledged and dedicated to guarantee
27 repayment of loans participated in under 23-5-638 in an amount sufficient to meet the prepayment obligation
28 for the fiscal year during which the loans are made. The amount of taxes pledged by this subsection is the dollar
29 amount of loan participation under 23-5-638 and must be allocated to a separate account in the short-term
30 investment pool. The board of investments is not entitled to use the proceeds from taxes collected under this

1 section to repay a loan made under 23-5-638 unless the board certifies that all other commercially available
2 means of collection on the loan have been exhausted. (Terminates December 31, 2005--sec. 10, Ch. 424, L.
3 1999.)

4 **23-5-610. (Effective January 1, 2006) Video gambling machine gross income tax -- credit --**
5 **records -- distribution -- quarterly statement and payment.** (1) (a) A licensed machine owner shall pay to the
6 department a video gambling machine tax ~~of 15% of on the quarterly gross income from each video gambling~~
7 ~~machine issued a permit under this part~~ for each establishment from video gambling machines issued a permit
8 under this part according to the following schedule:

9 (i) 15% on the first \$37,500 or less of gross machine income;

10 (ii) 22.5% on the next \$75,000 or less of gross machine income; and

11 (iii) 30% on gross machine income in excess of \$112,500.

12 (b) A licensed machine owner may deduct from the gross income amounts equal to amounts stolen from
13 machines if the amounts stolen are not repaid by insurance or under a court order, if a law enforcement agency
14 investigated the theft, and if the theft is the result of either unauthorized entry and physical removal of the money
15 from the machines or of machine tampering and the amounts stolen are documented.

16 (2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for which
17 a permit has been issued under this part if:

18 (i) the permit was active for the video gambling machine prior to the available connection date;

19 (ii) the department determines that the video gambling machine is incapable, in the form in which it was
20 approved by the department, of communicating with the automated accounting and reporting system authorized
21 by 23-5-637; and

22 (iii) the licensed machine owner participates in the automated accounting and reporting system and
23 incurs actual hardware or software costs prior to January 1, 2005, for conversion of the video gambling machine
24 to make it compatible with the automated system.

25 (b) The amount of the tax credit allowed under subsection (2)(a) is \$250 for each video gambling
26 machine or the actual hardware and software cost necessary for conversion of the video gambling machine to
27 the automated accounting and reporting system, whichever is less.

28 (3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for the
29 quarter or quarters that begin after the video gambling machine for which the tax credit is claimed is connected
30 to the automated accounting and reporting system authorized by 23-5-637.

(4) A licensed machine owner shall keep a record of the gross income from each video gambling machine issued a permit under this part in the form the department requires. The records must at all times during the business hours of the licensee be subject to inspection by the department.

(5) (a) For each video gambling machine issued a permit under this part but not connected to the department's automated accounting and reporting system, a licensed machine owner shall, within 15 days after the end of each quarter and in the manner prescribed by the department, complete and deliver to the department a statement showing the total gross income, together with the total amount due the state as video gambling machine gross income tax for the preceding quarter. The statement must contain other relevant information that the department requires.

(b) For each video gambling machine issued a permit under this part that is connected to the department's automated accounting and reporting system, the department shall, within 5 working days after the end of each quarter, complete and deliver to the licensed machine owner (with a copy sent to the licensed operator, if different from the licensed machine owner, on whose premises the machine is placed) a statement showing the total gross income from the video gambling machine, together with the total amount due the state as video gambling machine gross income tax for the preceding quarter. The licensed machine owner shall remit the total amount due the state under this subsection within 25 days after the end of each quarter.

(6) The department shall, in accordance with the provisions of 15-1-501, forward the tax collected under subsection (5) to the general fund."

NEW SECTION. **Section 2. Effective date.** [This act] is effective July 1, 2005.

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